

24-575

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January 30, 1954

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Reference: Our quotation of September 10, 1953, to [redacted] subject
 ("Price increase request for RS-6 radio sets (contract PSC-
 148-UNV)")

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Enclosure: Exhibit 1B cost breakdown analysis of Exhibit B changes
 Exhibit 1C cost breakdown analysis of Exhibit B, C, C1 and
 C2 changes

Dear [redacted]

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As a result of our last meeting with your organization in Washington it had been agreed that our company would furnish you with additional cost breakdowns for changes requested in the referenced letter quotation. We have prepared for your review a cost breakdown for all changes referenced on Exhibit B of the referenced quotation which have been "tied in" directly to a TAR number or one of our internal Change Order numbers. These cost breakdowns are included as Exhibit 1B which is attached to this letter. Furthermore we have prepared a comparison of the costs requested by TAR number 14 which we hope will permit your organization to properly evaluate our request for an increase resulting from these changes. This breakdown is attached as Exhibit 1C of this letter.

It has been only with great difficulty that we have been able to "tie in" these costs for changes made during a time that expediency was gained at a sacrifice of paper work between our respective organizations. In many cases the paper work for these changes had been prepared as an after thought rather than on a concurrent basis at the time the changes were being made. We hope that this information will permit you to evaluate these changes and the price increase requested as a result of them without any further delays.

Very truly yours,

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JEF/

cc: [redacted]

Agency

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Exhibit 1B

January 6, 1953

Cost Analysis of Changes Submitted in our Quotation of September 10, 1953
(for Exhibit B changes)

| Military C.O. No. | Material Unit Cost | Matl. Hdlg. and F.S.R. | Direct Labor Unit Cost | Direct Labor Overhead | Tooling | Total Factory Cost | G & A | Profit | Unit S/P |
|-------------------|-----------------------|---------------------------|---------------------------|--------------------------|---------|-----------------------|--------|--------|----------|
| GP 870 | .0500 | .0025 | .0215 | .0269 | | .1009 | .0021 | .0115 | .1148 |
| 880 | .0030 | .0002 | .1751 | .2189 | | .3972 | .0090 | .0452 | .4574 |
| 899 | -.9144 | -.1244 | -.0395 | -.0497 | | -1.1275 | -.0394 | -.1296 | -3.2967 |
| 923 | .0701 | .0035 | | | | .0736 | .0016 | .0083 | .0835 |
| 928 | .0701 | .0110 | | | .0616 | .1457 | .0051 | .0167 | .1675 |
| 930 | .2900 | .0194 | -.2943 | -.3679 | | .3772 | .0132 | .0433 | .1337 |
| 931 | .0392 | .0062 | 1.4759 | 1.8446 | | 3.3659 | .1198 | .3872 | 3.8729 |
| 936 | .0500 | .0025 | -.1387 | -.1734 | | -.2586 | -.0091 | -.0298 | -.2985 |
| 946 | -.0051 | -.0001 | | | .0821 | .0759 | .0026 | .0087 | .0872 |
| 950 | .0200 | .0010 | | | | .0210 | .0007 | .0024 | .0241 |
| 955 | | | .0180 | .0225 | | .0405 | .0014 | .0046 | .0465 |
| 958 | | | .4402 | .5504 | | .9906 | .0346 | .1139 | 1.1391 |
| 1002 | .3000 | .0474 | | | | .3474 | .0122 | .0399 | .3995 |
| 1005 | .0160 | .0008 | | | | .0168 | .0006 | .0019 | .0193 |
| 1009 | .0062 | .0003 | .0782 | .0977 | | .1821 | .0063 | .0210 | .2097 |
| 1010 | | | .0406 | .0506 | | .0912 | .0032 | .0104 | .1048 |
| 1041 | 1.2936 | .0644 | | | | 1.3580 | .0471 | .1562 | 1.5613 |
| 1042 | | | .2985 | .3734 | .0197 | .6916 | .0240 | .0795 | .7951 |
| 1045 | .2700 | .0135 | | | | .2835 | .0099 | .0326 | .3260 |
| 1046 | | | .0239 | .0298 | | .0537 | .0019 | .0061 | .0617 |
| 1047 | .0711 | .0035 | .0239 | .0298 | | .1283 | .0044 | .0117 | .1474 |
| 1052 | -.0300 | -.0357 | | | | -.4057 | .0141 | .0466 | .4664 |
| 1055 | | | | | .0126 | .0126 | .0005 | .0015 | .0146 |

Exhibit 1C

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February 1, 1954

Cost Breakdown Analysis for Changes Submitted in our Quotation of September 10, 1953
(for Exhibit B, C, C1 and C2 changes)

| Department | Unit Studied HPC | Productivity % | Expected Unit Productivity HPC | Unit % Burden | Unit Burden HPC | Total Unit HPC | Total Dollar Per Set Increase |
|---------------------------|---------------------|-------------------|-----------------------------------|---------------|--------------------|-------------------|-----------------------------------|
| <u>1601 Line Wiring</u> | | | | | | | |
| Contract Quotation | 321.6 | 60 | 538.0 | 90 | 288.4 | 826.4 | |
| Average for 1953 | 342.2 | 53 | 645.2 | 172 | 589.0 | 1234.2 | |
| Difference | 20.6 | | | | | 407.8 | |
| Requested Increase | 19.6 | 60 | 32.6 | 101 | 19.8 | 52.46 | .90 |
| <u>1602 Phasing</u> | | | | | | | |
| Contract Quotation | 129.0 | 55 | 234.8 | 115 | 148.3 | 383.1 | |
| Average for 1953 | 196.4 | 71 | 276.0 | 381 | 749.0 | 1025.0 | |
| Difference | 67.4 | | | | | 641.9 | |
| Requested Increase | 48.3 | 55 | 87.8 | 125 | 60.4 | 148.19 | 3.11 |
| <u>1605 Preliminaries</u> | | | | | | | |
| Contract Quotation | 278.7 | 71 | 394.4 | 70 | 195.2 | 589.6 | |
| Average for 1953 | 315.0 | 57 | 550.7 | 74 | 232.2 | 782.9 | |
| Difference | 36.3 | | | | | 193.3 | |
| Requested Increase | 25.3 | 71 | 49.6 | 80 | 28.2 | 77.86 | 1.29 |
| <u>1610 Final Test</u> | | | | | | | |
| Contract Quotation | 71.1 | 55 | 128.3 | 115 | 81.8 | 210.1 | |
| Average for 1953 | 140.3 | 71 | 198 | 113 | 158.5 | 356.5 | |
| Difference | 69.2 | | | | | 146.4 | |
| Requested Increase | 40.0 | 55 | 72.7 | 120 | 48.0 | 120.72 | 2.60 |
| Inspection & Test | (20.0) | | (36.3) | | (24.0) | (60.3) | (1.30) |
| Air Test | 55.0 | 55 | 100.0 | 120 | 66.0 | 166.0 | 3.57 |
| Requested Increase | (25.0) | | (45.4) | | (30.0) | (75.4) | (1.62) |
| Total Requested Increase | 95.0 | | | | | 286.72 | 6.17 (135.7 HPC, \$3.92, to 1602) |

| <div style="display: flex; justify-content: space-between;"> UNCLASSIFIED RESTRICTED CONFIDENTIAL SECRET </div> <small>(SENDER WILL CIRCLE CLASSIFICATION TOP AND BOTTOM)</small> | | | |
|---|-------------------------|-----------------|---------------|
| CENTRAL INTELLIGENCE AGENCY OFFICIAL ROUTING SLIP | | | |
| <i>104-510</i> | | | |
| TO | | INITIALS | DATE |
| 1 | Engr Div/OC | | |
| 2 | <i>File PSC-148-UNV</i> | | |
| 3 | | | |
| 4 | | | |
| 5 | | | |
| FROM | | INITIALS | DATE |
| 1 | Contract Branch/PD/LO | <i>gde</i> | <i>2/4/54</i> |
| 2 | | | |
| 3 | | | |
| <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> APPROVAL <input checked="" type="checkbox"/> ACTION <input type="checkbox"/> COMMENT <input type="checkbox"/> CONCURRENCE </div> <div style="width: 33%;"> <input type="checkbox"/> INFORMATION <input type="checkbox"/> DIRECT REPLY <input type="checkbox"/> PREPARATION OF REPLY <input type="checkbox"/> RECOMMENDATION </div> <div style="width: 33%;"> <input type="checkbox"/> SIGNATURE <input type="checkbox"/> RETURN <input type="checkbox"/> DISPATCH <input checked="" type="checkbox"/> FILE </div> </div> <p>Remarks:</p> <p style="margin-left: 40px;"><i>Air Test - True</i></p> <p style="margin-left: 40px;"><i>-Trans. 11-4 - 8-11</i></p> <p style="margin-left: 40px;"><i>Discussed air test with Navy Insp.</i></p> <p style="margin-left: 40px;"><i>He says this should be continued.</i></p> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> SECRET CONFIDENTIAL RESTRICTED UNCLASSIFIED </div> | | | |

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SEP1947

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